

WASHINGTON, DC -- Congresswoman Linda Sánchez, Chairwoman of the House Judiciary Subcommittee on Commercial and Administrative Law (CAL), issued the following opening statement today at the Judiciary Committee mark up of H.R. 3609, the "Emergency Home Ownership and Mortgage Equity Protection Act of 2007."

"Mr. Chairman, I urge my colleagues to support H.R. 3609, the 'Emergency Home Ownership and Mortgage Equity Protection Act of 2007.'

"The American Dream of owning a home is rapidly turning into a nightmare. It is estimated that between this year and next year there will be a whopping \$400 billion worth of mortgage defaults with as many as 2 million households at risk of losing their homes through foreclosure. Mortgage lenders filed a record 72,571 notices of default against delinquent borrowers from July through September. This is up 34.5 percent from the prior quarter and 166.6 percent from just a year ago. And many individuals will face the possibility of losing their homes due to a substantial portion of subprime mortgages resetting their interest rates in the coming months.

"This crisis is not simply limited to borrowers. Falling real estate prices and the inability to refinance or sell homes force many homeowners into foreclosure. That's a major hit to our economy, which has ramifications for everyone, borrowers and lenders alike.

"To resolve this catastrophe, Representative Brad Miller and I, along with a number of other members, introduced H.R. 3609 (the "Emergency Home Ownership and Mortgage Equity Protection Act of 2007), a bill tailored to remedy the current subprime mortgage crisis. This measure simply makes some modest, prudent changes to bankruptcy law that would help alleviate some of the worst effects of the mortgage crisis.

"Under H.R. 3609, a debtor in a chapter 13 case may reorganize his or her home mortgage obligations just like debt on vacation homes, investment properties and even yachts. And, unlike some proposals, this legislation provides guidance to the courts in terms of how this restructuring may be done.

"H.R. 3609 also provides an important exception to the mandatory requirement that consumers receive credit counseling before they file for bankruptcy relief. The bill excuses a chapter 13 debtor from this requirement if he or she submits to the court a certification that a foreclosure action has been commenced against the debtor's home. It makes absolutely no sense to require someone to start a course if their home is being foreclosed the next day.

"And, this legislation provides important protections against lenders assessing excessive fees and hidden charges against chapter 13 debtors who are trying to save their homes from foreclosure.

"The Commercial and Administrative Law Subcommittee held two hearings on this issue and favorably reported the legislation to the Judiciary Committee. The bill we reported out of subcommittee is a measured response to address the growing mortgage meltdown. We need to act. H.R. 3609 will restore fairness to hardworking American families struggling to save their homes from foreclosure in bankruptcy.

“I look forward to working with my colleagues on this Committee to respond to the mortgage crisis and I urge support for this much needed legislation.”